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CHINA PUBLIC PROCUREMENT LIMITED

中國公共採購有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1094)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING

After trading hours on 24 July 2014, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent conditionally agreed to place up to 810,000,000 Placing Shares to the Places at the Placing Price of HK\$0.36 on a best effort basis.

The Placing Shares represent approximately 6.74% of the existing issued ordinary share capital of the Company as at the date of this announcement and approximately 6.32% of the issued ordinary share capital of the Company as enlarged by the Placing Shares. The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the completion date of the Placing.

The Placing is conditional upon the Listing Committee agreeing to grant a listing of and permission to deal in the Placing Shares.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

Introduction

After trading hours on 24 July 2014, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent conditionally agreed to place up to 810,000,000 Placing Shares to the Placees at the Placing Price of HK\$0.36 on a best effort basis.

Placing Agreement

Date: 24 July 2014 (after trading hours)

Issuer: The Company

Placing Agent: Changjiang Securities Brokerage (HK) Limited

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner is an Independent Third Party.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who are individuals, corporate, institutional investors or other investors. Further announcement setting out the names of the Placees in accordance with Rule 13.28(7) of the Listing Rules shall be made by the Company if the number of Placees is less than six. The Placees and whose ultimate beneficial owners are expected to be independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules). It is expected that no Placee will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately following completion of the Placing.

Placing Shares

Up to 810,000,000 Placing Shares, representing approximately 6.74% of the existing issued ordinary share capital of the Company as at the date of this announcement and approximately 6.32% of the issued ordinary share capital of the Company as enlarged by the Placing Shares. The aggregate nominal value of the Placing Shares is HK\$8.1 million.

Ranking of Placing Shares

The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the completion date of the Placing.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$0.36 per Share represents (i) a premium over approximately 2.86% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on the date of the Placing Agreement (i.e. 24 July 2014); (ii) a premium over approximately 0.28% to the average closing price of HK\$0.359 per Share for the last five consecutive trading days immediately prior to the date of the Placing Agreement (excluding the date of the Placing Agreement); and

(iii) a discount of approximately 1.10% to the average closing price of HK\$0.364 per Share for the last ten consecutive trading days prior to the date of the Placing Agreement (excluding the date of the Placing Agreement).

The gross proceeds to be raised from the Placing will be about HK\$291.6 million. Based on estimated expenses of about HK\$0.61 million for the Placing, the net proceeds to be raised from the Placing will be approximately HK\$290.99 million. On this basis, the net price per Placing Share is approximately HK\$0.359.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued ordinary share capital of the Company as at the date of the AGM, (i.e. 2,260,268,556 Shares, representing 20% of 11,301,342,780 Shares in issue as at the date of the AGM). Up to the date of this announcement, 698,888,000 Shares have been issued on 20 June 2014 and 810,000,000 Shares have been agreed to be issued under the General Mandate on 24 July 2014. As the Placing Shares will be issued under the unused portion of the General Mandate (i.e. 1,561,380,556 Shares), the Placing is not subject to the Shareholders' approval.

Condition of the Placing Agreement

The Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares.

If the above condition is not fulfilled on or before 7 August 2014 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, and obligations of the parties under the Placing Agreement shall cease and determine and none of the parties thereto shall have any claim against the other in respect of the Placing, save for any antecedent breaches of the Placing Agreement.

Termination

The Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the Placing Agreement if at any time prior to 12:00 noon on the completion of the Placing:

- (i) any material breach of any of the representations and warranties under the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or

- (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market condition; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong, the Bermuda or the PRC or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (e) any change or deterioration in the condition of local, national or international securities markets occurs.

Completion of the Placing

Completion of the Placing shall take place on the third Business Day following the fulfilment of the condition of the Placing (or such later date as may be agreed between the Company and the Placing Agent in writing).

Further announcement will be made by the Company upon completion of the Placing.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Board considers that the Placing will further strengthen the capital base and financial position of the Group. The net proceeds of the Placing, after deduction of expenses of approximately HK\$0.61 million, is estimated to be of approximately HK\$290.99 million. The Company intends to apply such net proceeds from the Placing for general working capital of the Group.

Shareholding structure of the Company

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon completion of the Placing are set out as below:

For illustration purpose only:

	As at the date of this announcement		Immediately upon completion of the Placing	
	No. of Shares	Approximately %	No. of Shares	Approximately %
Director				
Cheng Yuanzhong	17,808,000	0.2	17,808,000	0.2
Ho Wai Kong (Note 1)	981,536,000	8.2	981,536,000	7.7
Yan Wei	67,360,000	0.6	67,360,000	0.5
Zhang Wanjun	1,400,000	0.0	1,400,000	0.0
Wang Dingbo (Note 2)	53,525,910	0.4	53,525,910	0.4
Chan Tze See, Kevin (Note 3)	352,000	0.0	352,000	0.0
Wu Fong, Fred	15,000,000	0.1	15,000,000	0.1
Substantial Shareholder				
Guocai Science & Technology Company Limited (Note 4)	1,948,480,000	16.2	1,948,480,000	15.2
Fan Xiulian (Note 5)	1,017,000,000	8.5	1,017,000,000	7.9
Shen Ping (Note 6)	638,888,000	5.3	638,888,000	5.0
Public Shareholders				
Placees (Note 7)	—	—	810,000,000	6.3
Other public Shareholders	<u>7,268,880,870</u>	<u>60.5</u>	<u>7,268,880,870</u>	<u>56.7</u>
Total	<u><u>12,010,230,780</u></u>	<u><u>100.0</u></u>	<u><u>12,820,230,780</u></u>	<u><u>100.0</u></u>

Notes:

- Mr. Ho Wai Kong is interested in 981,536,000 Shares and 19,284,725 preferred shares of the Company, of which (i) 636,888,000 Shares and 4,284,725 preferred shares of the Company are held by Master Top Investments Limited; (ii) 500,000 Shares are held by Similan Limited; (iii) 279,348,000 Shares are held by Ms. Guo Binni; and (iv) 64,800,000 Shares and 15,000,000 preferred shares of the Company are held by Mr. Ho Wai Kong. Both companies are beneficially owned by Mr. Ho Wai Kong. Mr. Ho Wai Kong is the spouse of Ms. Guo Binni and is therefore deemed to be interested in 279,348,000 Shares held by Ms. Guo Binni under the SFO.
- Mr. Wang Dingbo is interested in 53,525,910 Shares, of which (i) 1,100,000 Shares are held by Ms. Cheung Leng Chau; (ii) 1,000,000 Shares are held by Mr. Wang Dingbo; and (iii) 51,425,910 Shares are held by Favor Mind Holdings Limited, a company wholly and beneficially owned by Mr. Wang Dingbo. Mr. Wang Dingbo is the spouse of Ms. Cheung Leng Chau and is therefore deemed to be interested in 1,100,000 Shares held by Ms. Cheung Leng Chau under the SFO.
- Mr. Chan Tze See, Kevin is the spouse of Ms. Lam Lai Chong and is therefore deemed to be interested in the 352,000 Shares held by Ms. Lam Lai Chong under the SFO.
- Guocai Science & Technology Company Limited is interested in 1,948,480,000 Shares, of which (i) 1,937,280,000 Share are held by Top Blast Limited, which is directly and wholly-owned by China Public Procurement (Hong Kong) Technology Company Limited, (ii) 11,200,000 Share are held by China Public Procurement (Hong Kong) Technology Company Limited, which is directly and wholly-owned by Guocai Science & Technology Company Limited.

5. Ms. Fan Xiulian is interested in 1,017,000,000 Shares, of which (i) 600,000,000 Shares are held by Metro Factor Limited; (ii) 297,000,000 Shares are held by Haiwei International Group Limited; and (iii) 120,000,000 Shares are held by Weijia Limited. Metro Factor Limited, Haiwei International Group Limited and Weijia Limited are directly and wholly-owned by Champion Union Investments Limited, which is directly, wholly and beneficially owned by Ms. Fan Xiulian.
6. Ms. Shen Ping is interested in 638,888,000 Shares, of which (i) 238,888,000 Shares are held by Forever Tree Development Limited; and (ii) 400,000,000 Shares are held by New China Management Limited. Forever Tree Development Limited and New China Management Limited are wholly and beneficially owned by Ms. Shen Ping.
7. Assuming no other issue of new Shares and no repurchase of existing Shares before completion of the Placing, and Placing Agent has placed a total of 810,000,000 Placing Shares to not less than six independent Places. It is expected that none of the Places will become substantial Shareholder(s) of the Company (as defined under the Listing Rules) immediately upon completion of the Placing.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities set out below, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
30 May 2014 and 20 June 2014	Placing of 698,880,000 new shares under the General Mandate	HK\$251.08 million	For general working capital of the Group	Utilised as intended

GENERAL

The Group is principally engaged in the public procurement related businesses, such as the development and operation of electronic public procurement platforms, energy management contracting services and provision of other added value services to users of the procurement platforms.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“AGM”	the annual general meeting of the Company held on 30 May 2014
“Board”	board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public or statutory holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Public Procurement Limited, a company incorporated in Bermuda with limited liability, and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company

“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party (ies)”	third party(ies) independent of and not connected or acting in concert with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules) and are not connected persons of the Company
“Listing Committee”	the listing-sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the proposed offer by way of a private placing of the Placing Shares, on best efforts basis, procured by the Placing Agent to selected investors on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Changjiang Securities Brokerage (HK) Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance(Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional Placing agreement dated 24 July 2014 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.36 per Placing Share
“Placing Shares”	up to a total of 810,000,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
CHINA PUBLIC PROCUREMENT LIMITED
Cheng Yuanzhong
Chairman

Hong Kong, 24 July 2014

At the date of this announcement, the Board comprises eight executive directors, namely Mr. Cheng Yuanzhong (Chairman), Mr. Ho Wai Kong (Honorary Chairman), Mr. Yan Wei (Chief Executive), Mr. Zhang Wanjun, Mr. Zhang Zhongmin, Mr. Yang Lei, Mr. Zhao Peilai and Mr. Peng Zhiyong; three non-executive directors, namely Mr. Wang Dingbo, Mr. Wang Ning and Ms. Liu Jie; and four independent non-executive directors, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin, Mr. Xu Haigen and Mr. Shen Shaoji.